Property Tax Administration

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The amount of tax that a property owner pays is based on two factors: the value of the property owned by the taxpayer and the local property tax rate. A local assessor determines the value of each individual's property. The local property tax rate depends on the amount of taxes levied by local jurisdictions (municipalities, counties, school districts, technical college districts, and special purpose districts) and the total value of taxable property in the jurisdiction. Multiplying the value by the rate produces the amount of taxes levied on each property. A portion of the tax is paid by the state through state tax credits and the remainder is paid by the owner.

Several terms are used throughout this paper. The **property tax levy** is the total amount of revenue that a local unit will collect through the property tax in one year. The **gross levy** is the total amount of taxes billed including the portion paid by the state through state tax credits. The **net levy** is the gross levy minus the state credits. The **mill rate** is the rate of taxation expressed in terms of dollars of property tax per $1,000 of value. For example, a tax rate of .02100 or 2.1% is equal to 21 mills or $21.00 per $1,000 of value.

The property tax is termed an **ad valorem** tax because it is spread according to the value of taxable property. **Assessed values** are the property values determined for individual parcels of property by the local assessor. **Equalized value** is the state-determined full market value of all property within each jurisdiction. Equalized values provide a means of comparing different jurisdictions, even if they are assessed at different percentages of market value. Dividing the total assessed value by the equalized value produces a district's **assessment ratio**. All taxable property is classified as either real estate or personal property. **Real property** is comprised of land and the attached buildings and improvements. **Personal property** includes items of property that are not fixed to land, such as furniture, equipment, machinery, and fixtures.

Assessment of Property: Measuring the Property Tax Base

Property is valued at two levels within the state. First, local assessors determine the assessed values for individual properties, except for manufacturing property, in each municipality. Assessed values are used for apportioning property taxes on tax bills to individual properties within municipalities. Second, the state Department of Revenue (DOR) estimates the full market or equalized value of all property in each district. Equalized values are used to apportion the levies of overlying districts (for example, schools and counties) to the municipalities within them and also to distribute certain state aids. The state values are needed because municipalities assess property at varying percentages of market value.

Most assessors value property at some fraction of market value, despite a statutory requirement that property be assessed at full value. A series of court cases, dating back to the nineteenth century, has interpreted the statutes to allow assessed values at a fraction of market value, provided the same fraction applies to all property in the taxation district. As a result, local assessors can assess property at a level below market value without violating the state constitution's requirement of uniform taxation.

The constitution's uniformity clause has been interpreted to permit property tax exemptions as long as entire classes of property are exempted.

Currently, a number of property tax exemptions exist. These exemptions include the property of religious, educational, and other nonprofit organizations, governmental property, and most personal property. Additional exemptions have been established for very specific classes of property. These property tax exemptions are listed in sections 70.11, 70.111, and 70.112 of the statutes.

The Local Role in Assessing Property

Property in the state is assessed as of January 1 of each year, even though values may increase or decrease during the year. If a building is partially constructed on January 1, its partial value is used as the value for that assessment year. The assessment function is performed by local assessors who may be elected or appointed and frequently serve more than one municipality on a part-time basis. Assessors must be certified through an examination administered by DOR and must meet continuing education requirements.

County Assessor Option. Assessors serve at the municipal level, although state law also permits county assessor systems, if authorized by a 60% vote of the entire membership of the county board. County assessors are appointed and are responsible for valuing property in all towns, villages, and cities in the county. A county may discontinue its county assessor system by a majority vote of the entire membership of the county board. Currently, this system is not being used by any counties, but was employed by Kenosha County prior to 1995.

Assessment Methods. Assessors determine the value of property using one of three methods, depending on the type of property.

a. *Highest and Best Use.* Most property is assessed according to its highest and best use, or that use which will produce the greatest net return to the property owner over a reasonable period of time. The assessor determines that value by employing the sales comparison, cost, or income approaches to valuation. Each approach is intended to produce a value comparable to the property's price if sold, or its full market value. Under the sales comparison method, value is determined by analyzing sales of properties similar in size, age, use, location, and other factors. Under the cost method, the value of the land is estimated and added to the cost of replacing any attached structures. Under the income method, the present value of a property is determined from the estimated future income of the property (for example, rent minus expenses). Although all three are used, the sales method is the preferred approach.

b. *Fractional Assessment*. Beginning in 2004, property classified as "undeveloped" (previously called "swamp or waste") or "agricultural forest" is valued at 50% of full market value. Assessors continue to determine these properties' values under the concept of highest and best use, but the values are reduced to half of their original amounts. Case law would categorize this treatment as a partial exemption in violation of the state constitution's uniformity clause. However, amendments to the uniformity clause permit the nonuniform treatment of undeveloped land and forests.

c. *Use Value.* A 1974 amendment to the state constitution's uniformity clause permits agricultural land to be treated differently from other types of property for property tax purposes. Provisions enacted under 1995 Act 27 require land that is "devoted primarily to agricultural use" to be assessed on the basis of that use. Through administrative rule, agricultural use has been defined to include:

• producing crops (growing crops mainly for food and fiber), but not forestry;

• producing livestock (raising or fattening animals for the sale of animals or animal products);

• growing Christmas trees or ginseng;

• maintaining land eligible for enrollment in various federal agriculture programs; and

• maintaining land that was previously in an agricultural use, but is subject to an easement under various state conservation programs.

Because use value assessment is limited to agricultural property, other farm property is valued according to its "highest and best use." This includes the farm operator's homestead, other farm buildings, any residence of the farm operator's spouse, children, parents, or grandparents, the land necessary for the location of those buildings, and private roadways. As previously noted, property on farms classified as agricultural forest land and undeveloped land is valued at half of its full market value.

Prior to 1996, state law required assessors to value agricultural land like all other property, at its highest and best use. When agricultural land was located in areas where nonagricultural activities were also occurring, agricultural land assessments were affected by sales of comparable agricultural properties being converted to other uses. Buyers of those properties often paid more than buyers intending to keep land in an agricultural use. Sales of agricultural land intended for other uses caused increases in the assessments of surrounding agricultural land and higher property taxes, which eroded the land's profitability when used for agricultural purposes.

Under provisions in 1995 Act 27, agricultural land assessments were "frozen" at their 1995 levels in 1996 and 1997. Beginning in 1998, use value assessments began being phased-in over a ten-year period. After two years, DOR adopted an administrative rule that suspended the phase-in and implemented full use value assessment for agricultural land beginning in 2000. As a result, agricultural land assessments were based on the land's use for farming.

The procedures used in valuing agricultural land have been adopted by the Farmland Advisory Council, which is staffed by DOR. Those procedures utilize two steps to estimate values on a per acre basis for each municipality containing agricultural land. Under the first step, values are estimated from the income that could be generated by the land divided by a capitalization rate.

Income is measured on a county-by-county basis and equals the average corn yield (bushels per acre) multiplied by the average price per bushel, minus average operating expenses. Each of these measures utilizes a five-year average ending three years prior to the assessment year. For example, 2002 values were based on yields, prices, and expenses for the period between 1995 and 1999. Averaging these measures is intended to remove short-term fluctuations due to weather and market factors that do not significantly influence buyers' long-term decisions. The income for land used for pasture is estimated at 30% of the income of land used to grow crops. Data on yields, prices and expenses is compiled annually by the Wisconsin Agricultural Statistics Service and the U.S. Department of Agriculture.

The capitalization rate equals the sum of two components. The first component is the five-year average interest rate on one-year, medium-sized agricultural loans extended by federal land credit associations and agricultural credit associations operating in Wisconsin. The second component is the effective property tax rate. A separate tax rate is calculated for each municipality, equal to the total taxes levied for all purposes within the municipality, net of state property tax credits, divided by the municipality's equalized value, as determined by DOR. While net income is calculated on a county-by-county basis, the unique capitalization rates for underlying municipalities, which are attributable to variation in municipal tax rates, result in different per acre values for municipalities within each county.

Under the second step, the values produced by the income capitalization formula are adjusted based on land rental information compiled by University of Wisconsin-Extension agents. Generally, these "blended" values are lower than the values produced under the first step of the valuation procedure.

Due to declining corn prices and escalating production costs, these procedures would have produced negative values for some types of agricultural lands beginning in 2004. In response, the Farmland Advisory Council recommended that the per acre land values used for 2003 assessments continue to be used in 2004 and 2005, and DOR has adopted administrative rules implementing that policy. The Department is considering how to modify the use value formula such that it produces guidelines that reflect the value of land when employed in an agricultural use.

The State Role in Assessing Property

The Department of Revenue has four major roles in the assessment process. Each is discussed below.

State Oversight of Local Assessment. In addition to the county assessment aid and assessor certification programs, DOR administers several programs intended to promote uniform local assessments.

a. *Review of Total Local Assessments.* State law requires every municipality to assess property at full value at least once every five years.

b. *Review of Assessments by Class of Property*. Since 1992, the ratio of assessed value to full value for each locally assessed major class of property, except agricultural land, must be within 10% of full value at least once every four years. For purposes of this requirement, the value of property included under the agricultural forest, productive forest land, undeveloped, and other classes are combined and considered a single property classification. Municipalities not meeting the requirement are notified, and if the requirement is not met in the succeeding year, the municipality's assessment staff must participate in a training program sponsored by DOR. The Department must supervise the succeeding year's assessment of any municipality that does not meet the requirement over a six-year period.

c. *Property Assessment Manual.* Each year, DOR publishes or updates a manual for local assessors that includes guidelines and procedures for identifying, classifying, and valuing taxable property. State law instructs local assessors to follow the guidelines and procedures in the manual. The updated material includes recommended per acre values for grades 1, 2, and 3 cropland and for pasture land under use value assessment. Since the values are published as guidelines, local assessors may adopt or modify them. In response to a Farmland Advisory Council recommendation, DOR has not updated these guidelines since 2003, and the per acre guidelines for 2004 and 2005 reflect the same values that were recommended for 2003.

d. *Tax Bill.* Each property tax bill must show both the property's assessed and full market values. The full market value is calculated by dividing the assessed value by the municipality's assessment ratio. Assessment at full market value is desirable because owners can more easily compare their property's assessment to that of similar properties. Agricultural land is excluded from this requirement.

Equalized Values. The total value of taxable property in the state and in each taxing jurisdiction is determined annually by DOR. The Department employs various methods to determine the full, or equalized, value of property, including on-site appraisals and studies that compare actual selling prices with locally-established assessed values. For 2004, DOR determined that the value of all taxable property in the state was $391.2 billion.

Manufacturing Property. Since 1974, DOR has assessed all manufacturing property in Wisconsin. Before that, manufacturing property was locally assessed. Due to the complex nature of this property, it was believed that more uniform values would result under DOR assessment. Manufacturing property differs from other types of property because it is sold less often and individual properties may have unique characteristics.

Manufacturing property assessments are conducted under a five-year field audit cycle. Once every five years, DOR personnel perform on-site valuations. During the intervening years, values are adjusted based on reports submitted by property owners to the Department by March 1 of each year.

In 2004, the state began imposing a fee on municipalities to recover half of DOR's costs related to this function. The fee is imposed on all municipalities containing manufacturing property and is apportioned based on each municipality's manufacturing value as a percent of statewide manufacturing value. Municipalities are required to recoup the fee through a special charge against all owners of taxable property and are prohibited from imposing charges disproportionately to the owners of manufacturing property. If a municipality fails to reimburse DOR for the fee by March 31, the Department may reduce the municipality's state aid payment in July.

Agricultural Land. Since 2000, agricultural land has been valued solely on the basis of its use in farming under use value assessment provisions. While local assessors continue to be responsible for classifying and assessing agricultural land, DOR has a number of administrative duties related to use value assessment. First, DOR's property assessment manual includes guidelines for categorizing and valuing agricultural land. Second, DOR annually develops agricultural land values under the use value approach on a per acre basis for each municipality containing agricultural land and publishes the per acre amounts in a supplement to the manual. Local assessors use the per acre values as guidelines in assessing parcels of agricultural land. As stated above, DOR has not updated these guidelines since 2003, and the per acre guidelines for 2004 and 2005 reflect the same values that were recommended for 2003. Third, DOR has adopted administrative rules to implement use value assessment. Finally, DOR provides staffing to the Farmland Advisory Council, which consists of the DOR Secretary and nine other individuals. The Council assists the Department in administering the use value assessment requirements.

Procedures for Appealing Assessed or Equalized Values

Several procedures exist for appealing assessed or equalized values.

Individual Appeals. To be successful, an appeal must demonstrate that the property's assessed value is substantially different from market value and that its assessment level differs from the level for other properties within the municipality.

Each year, individual property owners receive notices if their assessments change. The notice includes the time, date, and place of the meeting of the board of review or board of assessors. Prior to the board of review, the municipality must make the assessment roll open for public inspection. If dissatisfied, taxpayers should contact their local assessor to discuss the procedures used in the assessment, but such a meeting is not required to file an appeal. If an individual remains dissatisfied, the following procedures can be followed:

a. *Board of Assessors/Board of Review*. Assessments can be appealed to the local board of review. In some municipalities, reviews are conducted initially by a board of assessors, comprised of the municipality's assessment personnel. The board of review typically consists of local officials, although some municipalities have citizen boards. The board of review must schedule its first meeting in the 30 days after the second Monday of May, but may adjourn to a future date if the assessment roll is not complete. A public notice must precede the first meeting by at least 15 days. The assessor may not be a member of the board of review, but is required to attend the meetings of the board. At board of review hearings, property owners present evidence supporting their opinion of value. After hearing the evidence, the board determines whether the assessment should be changed. At least one voting member must be the municipality's chief executive officer or the officer's designee, who has attended a DOR-approved training session for board of review members within the prior two years. Boards must provide written notice of their decisions to taxpayers who file appeals.

b. *Department of Revenue.* Taxpayers may ask DOR to review board of review decisions and revalue their property. Requests must be submitted within 20 days of a board determination (30 days if there is no return receipt of the letter notifying the taxpayer of the decision) and be accompanied by a $100 filing fee. If the Department does not change the assessment, revaluation costs are borne by DOR. Revaluation costs of up to $300 are borne by the assessment district if the assessment is changed. This procedure does not apply to manufacturing property or parcels exceeding $1,000,000 in value.

Also, owners representing 5% or more of a municipality's assessed value may petition DOR to reassess the municipality. If the Department finds a substantial amount of property is improperly assessed, it may order a reassessment of all or part of the municipality. The municipality bears the cost of the reassessment. This procedure does not apply to the City of Milwaukee.

c. *Circuit Court.* Property owners may appeal board of review or Department of Revenue decisions to circuit court.

Manufacturing Appeals. Between March and June, manufacturing property owners and municipalities receive manufacturing assessment notices and have sixty days to appeal these determinations. A $45 filing fee must accompany the appeal.

a. *Board of Assessors.* Each appeal is investigated by DOR staff, other than the assessor who made the original assessment. Then, the appeal is reviewed by the state Board of Assessors, comprised of DOR employees appointed by the Department's Secretary. The Board can increase, decrease, or sustain the original assessment, and is empowered to determine whether property is taxable or exempt. State law directs the Board to decide appeals by April 1 of the year following the assessment year.

b. *Tax Appeals Commission.* Decisions of the Board of Assessors may be appealed to the Tax Appeals Commission. The Commission is composed of three commissioners appointed by the Governor, with Senate approval, for staggered, six-year terms. The Commission also hears appeals related to various state taxes.

c. *Circuit Court.* Tax Appeals Commission decisions can be appealed to the Dane County Circuit Court.

Refunds of Property Taxes Paid. If an appeal is not complete when the tax roll is prepared, taxes are calculated on the original assessed value. If the value is subsequently reduced, the owner receives a refund with interest on the excess property taxes. In addition to appeals for lower assessments, tax refunds can result from clerical errors and taxes incorrectly levied on exempt property. The refund is paid by the municipality. However, if the reduction is for manufacturing property or affects the municipality's equalized value, the municipality can charge the overlying taxing jurisdictions (school districts, counties, and technical college districts, for example) for their proportionate share of the refunded taxes.

Appeals of Equalized Value. Municipalities and counties can appeal their equalized value.

a. *Department of Revenue Data.* State law directs DOR to make available to each municipality a list of property sales within that municipality and to indicate which sales were used in setting the municipality's equalized value. By resolution, counties and municipalities can ask DOR to review their equalized value.

b. *Tax Appeals Commission.* A municipality or county may appeal its equalized value directly to the Tax Appeals Commission. This procedure is described in s. 70.64 of the statutes. The steps include: (1) the governing body authorizes the appeal by order or resolution; (2) the district files the appeal with the Tax Appeals Commission on or before October 15; (3) other counties or municipalities enter petitions in support of, or opposition to, the appeal within 30 days; and (4) the Tax Appeals Commission holds a hearing on the appeal. If the Commission decides that the assessment results in "substantial injustice" it may revalue any or all of the taxation districts in the county.

c. *Corrections Procedure.* If an equalized value is changed, the value of the taxation district or county is adjusted to correct for the change. The correction can be made to the value for the subsequent year. For example, if a municipality's equalized value was $10 million too high in 2005, its 2006 value would be reduced by $10 million.

Establishing the Property Tax Levy

Determination of the Levy Amount

The property tax is a residual revenue source. Each fall, local units of government determine the amount of their property tax levy by first budgeting their expenditures for the following year and then reducing that total by anticipated amounts from other revenue sources. The remaining amount represents the property tax levy.

Each property is located in a single municipality, county, school district, and technical college district and may be located in one or more special purpose districts. The municipality acts as the billing and collection agent for these other jurisdictions. After they determine their levies, they notify the municipality of the amount that must be paid by property owners in that municipality. The jurisdictions apportion their levies to the municipality based on the municipality's share of each jurisdiction's equalized value. The municipality spreads its tax levy and the municipality's share of the other jurisdictions' apportioned levies to individual properties according to their assessed values.

Table 1 illustrates how the total levy within a hypothetical municipality with an equalized value of $3 million is determined. First, a municipal levy of $18,000 is assumed. Second, if the county has a levy of $30,000 and an equalized value of $6 million, 50% of the county levy, or $15,000, would be apportioned to the municipality. If the municipality lies within a single school district with a levy of $120,000 and an equalized value of $12 million, 25% of the school levy, or $30,000, would be apportioned to the municipality. Total property taxes to be levied within the municipality would equal $63,000.

State Property Tax Credits

The total tax levy is offset by two state tax credits, a school levy tax credit and a lottery and gaming tax credit. For 2004(05), the statutes authorize a funding level of $469.3 million for the school levy

Table 1: Determination of Total Levy for Hypothetical Municipality

	Municipal Value		District Value		Municipal % of District		District Levy		Levy Apportioned to Municipality
Municipal	$3,000,000	÷	$3,000,000	=	100%	X	$18,000	=	$18,000
County	3,000,000	÷	6,000,000	=	50%	X	30,000	=	15,000
School	3,000,000	÷	12,000,000	=	25%	X	120,000	=	30,000
TOTAL									$63,000

tax credit, and funding for following years will stay at this amount unless the Legislature establishes a new funding level. Funding for the lottery and gaming credit is based on the estimated amount of the net proceeds from lottery revenues, exclusive of a reserve equal to 2% of gross lottery revenues and the amount needed to fund the farmland tax relief credit. Also, tax and net regulatory revenues from bingo, raffles, crane games, and pari-mutuel racing activities have been earmarked as funding sources since 1999(00). For 2004(05), an estimated $133.1 million in lottery and gaming proceeds is available for distribution. The lottery and gaming credit equals the school tax on a base value for each taxable property used as a primary residence. The state reimburses each municipality based on the amount of lottery and gaming credits that the municipality extends on tax bills. Each municipality receives a school levy credit based on its share of statewide school taxes levied over the three preceding years.

Tax credits are paid to municipal governments in their capacity as property tax administrators and must be used to reduce the property tax levy. In this regard, they differ from state aids, which local governments anticipate in setting the succeeding year's spending level. The Department of Revenue provides municipalities with the information necessary to calculate tax credits by December 1 of each year, after most local governments have established their budgets. Municipalities prepare tax bills after they receive the tax credit notice. (For additional information, see the Legislative Fiscal Bureau's informational paper entitled, "State Property Tax Credits.")

Tax Billing and Collection Procedures

Computation of Tax Bills

In December, municipal officials combine the tax levy information with assessed values and prepare individual property tax bills. This process involves two steps, which are illustrated in Table 2.

First, gross taxes are calculated by multiplying the property's assessed value by a tax rate. In Table 2, a single tax rate is calculated for all taxing jurisdictions, but in practice, the municipality computes separate rates for each taxing jurisdiction and the resulting tax amounts are summed on the tax bill. The tax rate equals the tax levy divided by the assessed value of all property subject to the tax.

Second, gross taxes are offset by state tax credits. Each property's school levy tax credit is calculated similarly to the calculation of gross taxes. The municipality's credit allocation is divided by the municipality's total assessed value to determine a credit rate, and the rate is multiplied by individual assessed values. Prior to 1996(97), the school levy tax credit was reported separately on tax bills as a reduction against gross taxes levied for all purposes. Since 1996(97), the credit has been applied as a reduction to school district tax levies, so that net school levies are reflected on the tax bill. The levies of other taxing jurisdictions are reflected as gross taxes. The school levy tax credit is no longer explicitly listed as a reduction against gross taxes although it continues to have that effect. The credit for the current year is reported separately in a box on the tax bill's upper, right-hand corner.

The lottery and gaming credit is determined by multiplying the school tax rate by the adjusted credit base. By December 1 of each year, DOR must notify municipalities of the credit base, which equaled $9,600 in 2004(05). The credit base is adjusted by multiplying it by the municipality's assessment ratio. The lottery and gaming credit is subtracted from gross taxes to yield the net tax bill for each property owner.

Based on the hypothetical municipality from Table 1 and assuming an assessment level of 90% (90% of $3 million in equalized value = $2.7 million in assessed value), the municipality's gross tax rate would equal $23.33 per $1,000 of assessed value

Table 2: Determination of the 2004(05) Property Tax Bill for a Property with a $130,000 Assessed Value in a Hypothetical Municipality

Assumptions

Assessed Value	$2,700,000
Equalized Value	$3,000,000
Assessment Ratio	90%
Total Levy	$63,000
School Levy	$30,000
School Levy Credits	$4,800
Lottery and Gaming Credit Base	$9,600

Tax Computation

I. Gross Taxes
$130,000 x Gross Tax Rate
$130,000 x (Total Levy / Assessed Value)
$130,000 x ($63,000 / $2,700,000)
$130,000 x .02333 = $3,033

II. State Tax Credits
School Levy Credit
$130,000 x Credit Rate
$130,000 x (School Levy Credits / Assessed Value)
$130,000 x ($4,800 / $2,700,000)
$130,000 x .00178 = $231

Lottery and Gaming Credit
Adjusted Credit Base x School Rate
(Credit Base x Assessment Ratio) x
(School Levy / Assessed Value)
($9,600 X 90%) X ($30,000 / $2,700,000)
$8,640 X .01111 = $96

III. Net Taxes

Gross Taxes	$3,033
- School Levy Credit	-231
- Lottery and Gaming Credit	- 96
Net Property Taxes	$2,706

($63,000 / $2,700,000 = .02333), and the gross tax on a property with an assessed value of $130,000 would equal $3,033 (.02333 X $130,000).

The municipality's school levy credit of $4,800 would result in a credit rate of $1.78 per $1,000 of assessed value ($4,800 / $2,700,000 = .00178), and the credit for a property with a $130,000 assessment would equal $231 (.00178 X $130,000). The lottery and gaming credit would equal $96 and would be calculated by multiplying the school tax rate of .01111 by the municipality's adjusted credit base of $8,640. The net tax of $2,706 would equal the gross tax minus the tax credits.

By state law, property tax bills must be mailed by the third Monday in December and must show both the assessed and full market values of the subject property. The full market value is determined by dividing the assessed value by the assessment ratio. For example, the full market value of the property in Table 2 would be $144,444 ($130,000 / 90%). The bill must show: (1) the amount of school taxes allocable to the property, net of the school levy tax credit, for the prior year and the current year and the percent change between the years; (2) the amount of gross tax allocable to the property levied by each other taxing jurisdiction for the prior year and the current year and the percent change between the years; (3) the sum of the tax amounts allocated for each taxing jurisdiction, displayed for the prior year and the current year and the percent change between the years; (4) the lottery and gaming credit, if applicable, displayed for the prior year and the current year and the percent change between the years; (5) the net property tax due, displayed for the prior year and the current year and the percent change between the years; (6) the net tax rate after distribution of the school levy tax credit; (7) the description of the property shown on the tax roll or an abbreviation of the description; (8) an indication of whether there are delinquent taxes on the property; (9) a notice of tax credits that may be available to taxpayers (homestead, farmland preservation, farmland tax relief, and school property tax); (10) a notice that taxpayers may request a copy of the tax receipt; (11) an explanation of when taxes are due and to whom they must be paid; and (12) estimated state aid payments to the county, municipality, school district, and technical college district for the prior year and current year.

An example of a real estate tax bill is attached to this paper. The attached tax bill measures 8.5 inches by 11 inches, but a smaller tax bill, measuring 5.5 inches by nine inches, may also be used.

Payment and Collection Procedures

Chapter 74 of the statutes establishes property tax payment and collection procedures, which are described below.

Payment Schedules. Property tax bills mailed in December do not become payable until the following year.

a. *Basic Payment Schedule.* Section 74.11 of the statutes establishes the basic payment schedule. Real property taxes are either paid in full by January 31 or in two installments on or before January 31 and July 31. Each installment equals half of the net tax bill.

Special assessments must be paid in full by January 31, unless the local government has adopted an ordinance authorizing installment payments. Personal property taxes, special charges, and special taxes must be paid in full by January 31. An exception is provided for improvements on leased land, which are assessed as personal property, and owners of that property may make payments on the same schedule as for real property.

Under the basic payment schedule, all payments made on or before January 31 are sent to the local municipal treasurer. Any payments made after January 31 are sent to the county treasurer, although counties and municipalities may enter into agreements where the county collects all the taxes.

b. *Multiple Installments Payment Schedule.* Section 74.12 of the statutes permits local governments to adopt an ordinance allowing for the payment of property taxes in three or more installments. Real property taxes or special assessments, or both, may be paid in full by January 31 or in three or more installments, with payments due on the last day of each month designated by the ordinance.

Under the installment procedure, the first payment is due January 31, one-half of the total amount due must be paid by April 30, and any remaining amount due must be paid by July 31. Personal property taxes, special charges, and special taxes must be paid in full by January 31. Any payments made on or before July 31 are sent to the local treasurer. Any payments made after July 31 are sent to the county treasurer.

c. *City of Milwaukee.* Under s. 74.87 of the statutes, taxpayers in the City of Milwaukee may pay real and personal property taxes and special assessments in full by January 31 or in 10 installments with payments due on the last day of each month from January through October. State and county taxes included on the county portion of the property tax roll may be paid in seven equal installments with payments due on the last day of each month from January through July. Special charges are paid in full by January 31.

Property Taxes and Special Assessments Payment Schedules and Due Dates

	Single Payment	Multiple Payments for Taxes on Real Estate and Special Assessments if Authorized
Basic payment schedule	January 31	Two equal payments on or before January 31 and July 31.
Multiple installment schedule (except City of Milwaukee) adopted by local ordinance	January 31	Three or more installments due on the last day of each month. First payment due January 31. One-half due by April 30 and the remainder by July 31.
City of Milwaukee	January 31	Ten installments due on the last day of each month from January through October.

In order for a taxpayer in the City of Milwaukee to use the installment method, the first installment payment must be made on or before January 31. A taxpayer may make one late payment without being penalized. If a second late payment occurs, the full amount of taxes plus interest accruing from February 1 becomes due.

Delinquent Taxes. If the first tax installment is not paid on or before January 31, the entire amount of unpaid taxes is delinquent as of February 1. If the second or any subsequent installment is not paid by the due date, the entire amount of unpaid taxes is delinquent as of the first day of the month after the payment is due. If special assessments are not paid by the due date, the entire amount of remaining unpaid special assessments is delinquent as of the first day of the month after the payment is due. Special charges, special taxes, and personal property taxes not paid by January 31 are delinquent as of February 1.

Taxes, special assessments, and special charges that become delinquent accrue interest charges at the rate of 1% a month from the preceding February 1, as opposed to the day on which they become delinquent. In addition, counties may impose a penalty charge of up to 0.5% a month. If taxes remain unpaid for two or more years, the property can be sold to pay the taxes.

Settlement Process. Distributing collected property taxes to the taxing jurisdictions is called the "settlement process." Municipalities and counties share this responsibility.

a. *Real property taxes, special assessments, special charges, and special taxes.* Real property taxes, special assessments, special charges, and special taxes must be settled on or before January 15, February 20, and August 20. In municipalities that have adopted a multiple installment option, additional tax settlements must occur by the 15th day of each month in March through August after an installment payment is due. The January and February settlements are the responsibility of the local treasurer. In municipalities with the multiple installment payment option, the local treasurer collects and settles for taxes through the final installment. In all other municipalities, the county treasurer collects and settles for the final (July) payment.

The county treasurer is required to settle in full for all real property taxes and special taxes by August 20. Thus, counties "buy out" the delinquent taxes by advancing to all other taxing jurisdictions their share of unpaid property taxes. Therefore, the settlement process is concluded in August. By resolution adopted by the county board, the county treasurer may settle in full for special assessments and special charges. This procedure does not apply to the City of Milwaukee.

At each settlement date, collections of special assessments, special charges, and special taxes are dispersed first, and then the remaining general property taxes are divided on a proportional basis among the taxing jurisdictions. If 45% of the total levy in the municipality was for the school district, the municipality pays the school district 45% of the property taxes collected to date. Similar payments based on shares of the gross levy are made to the county, technical college district, and any special purpose districts. The municipality retains its proportionate share of the collections.

b. *Personal property taxes.* Personal property taxes must be paid by January 31 and municipalities buy out unpaid personal property taxes at the February 20 settlement. However, one year after the settlement, municipalities may charge each jurisdiction for its proportionate share of any delinquent amounts.

ATTACHMENT

STATE OF WISCONSIN

Real Estate **PROPERTY TAX BILL FOR** 2004
VILLAGE OF BADGER
AMERICA CO.

IMPORTANT: Correspondence should refer to tax number
See reverse side for Important Information

Be sure this description covers your property. This description is for property tax bill only and may not be a full legal description.

LEGAL DESCRIPTION
PART OF THE FIRST ADDITION
TO THE SECOND ADDITION
CONSISTING OF 1 LOT

BILL AND SUE HOMEOWNER
RR 9
BADGER, WI 58425

PARCEL # 12-116-0029-0000

Assessed Value Land	Ass'd. Value Improvements	Total Assessed Value	Ave. Assmt. Ratio	Net Assessed Value Rate (Does NOT reflect Lottery Credit)
32,904	93,647	126,551	90.020%	.0216958
Est. Fair Mkt. Land	**Est. Fair Mkt. Improvements**	**Total Est. Fair Mkt.**	☐ A Star in This Box Means Unpaid Prior Year Taxes	**School taxes reduced by School levy tax credit**
36,478	103,822	140,300		$168.32

Taxing Jurisdiction	2003 Est. State Aids Allocated Tax Dist.	2004 Est. State Aids Allocated Tax Dist.	2003 Net Tax	2004 Net Tax	% Tax Change
STATE OF WI			26.76	28.06	4.9%
AMERICA CO	63,330	63,004	587.08	596.97	1.7%
VILLAGE OF BADGER	747,259	779,152	704.03	712.20	1.1%
SCH. DIST. #1234	3,316,912	3,489,303	1,105.72	1,160.04	4.9%
TECH. COLLEGE #56	157,352	159,321	214.86	217.23	1.1%
SANITARY DIST.#7			31.59	31.12	-1.5%
Total	4,284,853	4,490,780	2,670.04	2,745.62	2.8%
	Lottery Credit		83.20	90.89	9.2%
	Net Property Tax		2,586.84	2,654.73	2.6%

Make Check Payable To:	**Full Payment Due on or Before January 31, 2005**	Net Property Tax $2,654.73
JANE DOE TREAS. VILLAGE OF BADGER RR 9, P.O. BOX 6890 BADGER, WI 58425	$ 3,013.75 **Or First Installment Payment Due On or Before January 31** $ 1,686.39	GARBAGE 359.02
And Second Installment Payment Payable To: JOHN SMITH, CO TREAS. AMERICA CO COURTHOUSE BADGER, WI 58425	**And Second Installment Payment Due on or Before July 31** $ 1,327.36	

☐ **Check For Billing Address Change.**

TOTAL DUE FOR FULL PAYMENT

PAY BY JANUARY 31, 2005

$ 3,013.75

Warning: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and if applicable, penalty. (See reverse)

BILL AND SUE HOMEOWNER
RR 9
BADGER, WI 58425